
National Capital Revitalization Corporation

FY 2002 Proposed Operating Budget:

\$2,672,958

FY 2002 Proposed Capital Budget:

\$ 0

The mission of the National Capital Revitalization Corporation (NCRC) is to spur economic development throughout the District of Columbia and primarily in neighborhoods of need. Specifically, the NCRC retains and expands businesses located within the District; attracts new businesses; induces economic development and job creation by developing and updating a strategic economic development plan; provides incentives and assistance for new and existing businesses, helps remove slum and blight; and helps coordinate the District's efforts toward these ends.

The FY 2002 proposed operating budget for NCRC is \$2,672,958.

During deliberations on the FY 2002 Proposed Budget, the District Council's Committee on Economic Development recommended that the FY 2002 Budget Request Act include specific authorization for the expenditure of funds by the National Capital Revitalization Corporation.

Budget Summary

The FY 2002 proposed operating budget for NCRC is \$2,672,958 and supports approximately 13 positions (table NC0-1). NCRC is funded by an FY 1999 Congressional appropriation of \$25 million. As NCRC initiates economic development projects, its source of funding will include Other (O-type) revenue generated by income from those projects.

Strategic Issues

Strategic issues for FY 2002 include:

- Completing the transfer of the Redevelopment Land Agency (RLA) into NCRC. Among the issues that must be addressed is the need to develop professional property management that will improve the management of the RLA assets.
- Completing the transfer of the Economic Development Finance Corporation (EDFC) into NCRC. Among the key issues that must be addressed are coordinating the operations of the EDFC with the other missions of NCRC and ensuring that adequate resources are available to fulfill the EDFC's mission.

Background

NCRC is an independent instrumentality of the District, created by the District of Columbia in 1998 (National Capital Revitalization Corporation Act of 1998, D.C. Law 12-144, referred to herein as the “NCRC Act” and codified at D.C. Code § 1-2295.13). In FY 1999, Congress provided \$25 million to capitalize the NCRC, to remain available until expended, for economic development planning, project development, capital investments, loans, grants, administrative expenses and other purposes (Public Law 105-277, the District of Columbia FY 1999 Appropriations Act). Using the \$25 million as “seed” money to establish operations, NCRC has been provided the authority to raise funds from other sources, including capital funds through the sale of bonds, contributions, and earned fees from financing and service programs.

FY 2002 Initiatives and Program Overview

Being a new agency with a board of directors established in July 2000, the NCRC intends to be fully operational by the beginning of FY 2002. The initial staff will include approximately 13 members including, but not limited to, a chief executive officer, a chief financial officer, general counsel, three senior development directors, a property manager, a development manager and support staff.

During FY 2002, NCRC will be pursuing a number of long term goals that have been developed by NCRC for the period beginning January 18, 2001 and ending January 17, 2006. NCRC's Board of Directors adopted these goals on April 19, 2001. NCRC's major goals during this five-year period are discussed below. It is anticipated that NCRC will be working on these activities during FY 2002.

- Explore development opportunities and, where appropriate, undertake feasibility analyses, of five to seven real estate development projects which have a high probability of being able to be brought to fruition within 5 years, if demonstrated to be feasible. Projects in this category currently under consideration include: Skyland Shopping Center; economic development of areas surrounding relocated municipal

facilities and metro stops; Howard University Town Center; implementation of projects generated by the Office of Planning's Waterfront Planning Initiative, etc.

- Commence exploration, feasibility analyses and predevelopment work on five to seven major redevelopment projects critical to the overall economic health of the District, which will take more than five years to complete. Projects in this category include redevelopment of the Southwest Waterfront, St. Elizabeths Hospital site, South Capitol Gateway, NOMA, H Street Gateway, Georgia Avenue Gateway, Buzzard's Point redevelopment, Southeast Waterfront redevelopment, McMillan Reservoir redevelopment.
- NCRC's five-year plan is to have caused the implementation of the projects identified during its first year of operation as economically feasible. On each real estate development project, LSDBE goals and diversity in employment would have been accomplished. A minimum of 50 percent of the jobs created through these projects would have gone to D.C. residents.
- NCRC will operate an effective Business/Development Program, in coordination with identified public and private entities which will have significantly increased business and employment opportunities in the District for new and existing businesses and residents. At the beginning of each year, starting in year two, NCRC will establish specific goals for employment and business development, against which it will be measured.

Funding Summary Other

The proposed FY 2002 budget is \$2,672,958.

Personal services funds total \$1,906,044 and non-personal services funds amount to \$766,914. The source of funding is the \$25 million appropriated by Congress in FY 1999. The budget supports approximately 13 full-time equivalents (FTEs).

Table NC0-1

FY 2002 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

National Capital Revitalization Corporation

	Actual FY 2000	Approved FY 2001	Proposed FY 2002	Change from FY 2001
Regular Pay - Cont. Full Time	0	0	1,620	1,620
Fringe Benefits	0	0	286	286
<i>Subtotal Personal Services (PS)</i>	<i>0</i>	<i>0</i>	<i>1,906</i>	<i>1,906</i>
Supplies and Materials	0	0	7	7
Utilities	0	0	221	221
Other Services and Charges	0	0	538	538
Subsidies and Transfers	0	0	0	0
<i>Subtotal Nonpersonal Services (NPS)</i>	<i>0</i>	<i>0</i>	<i>767</i>	<i>767</i>
Total Proposed Operating Budget	0	0	2,673	2,673

Agency Goals and Performance Measures

Section 14 of the NCRC Act requires the NCRC to develop an annual performance plan for the first five years of its operations beginning on the date NCRC's Board of Directors approved the Corporation's Revitalization Plan. NCRC is further required to prepare an annual assessment of its performance relative to the goals established in such a plan and to submit this assessment to the Council of the District of Columbia no later than April 15th of each year.

On January 18, 2001, NCRC's Board of Directors approved its Revitalization Plan, and on April 19, 2001, the Board of Directors approved a Performance Plan for NCRC. Under the NCRC Act, the first performance assessment is due to be submitted to the Council on or before April 15, 2002. That assessment will evaluate NCRC's performance for the period beginning on January 18, 2001 and ending on January 17, 2002. NCRC's performance goals during this period are as follows:

- Hire core skilled staff with expertise in real estate development and finance, along with

operational and administrative support staff as needed for effective operation such as Chief Financial Officer, General Counsel and administrative assistants and secretarial staff.

- Contract with outside entities for specialized services as appropriate such as business development and finance, asset and property management, communications, and the like.
- Fully launch the operations of NCRC: (1) complete the purchase, installation and operationalizing of equipment, furniture, etc.; (2) secure, through a competitive process, consultants and other professionals to support the work of the corporation, such as legal counsel, accountants, real estate advisory services, etc.; (3) finalize policies and procedures, such as ethics rules, procurement rules, employee handbooks and detailed criteria for assistance.
- Determine the optimal structure of NCRC, given its overall mission, i.e., whether to form a holding company with subsidiary corporations to manage large-scale development.
- Transfer the powers, duties and responsibilities of the RLA Board to the NCRC Board, as well as the assets, in an orderly manner which

will allow NCRC to effectively manage the assets and maximize income and potential return, given public purpose goals.

- Transfer the powers, duties, and responsibilities of the Board of Directors of the Economic Development Finance Corporation, along with its assets to the Board of Directors of NCRC.
- Expedite and assume development management responsibility for RLA parcels with active Exclusive Negotiating Rights Agreements and/or RFP's previously issued by RLA. Expedite the implementation of such projects.
- If requested by the District, assume development management responsibility for major City projects with high priority and visibility where NCRC's expertise will benefit the City, including the redevelopment of the former Convention Center site.
- Identify and complete feasibility studies of two to four projects that have a high probability of being able to be brought to fruition and/or to demonstrate significant progress within the first year. These would be projects, typically

brought to NCRC by outside entities which, although relatively limited in scope and complexity, if implemented would have a major impact on a neighborhood.

- Starting no later than July 2001, undertake a six-month effort to prepare a corporate business development plan for implementation by the end of the first year. The business plan will focus on NCRC strategies for financial self-sufficiency and maximizing leverage of its resources.
- Starting no later than July 2001, undertake a six month effort to develop a Business/Employment Development Program, in coordination with existing public and private resources, which will bring together those resources to focus on a few key employment sectors, to be determined through this effort.

At the end of the first performance period, NCRC intends to adopt specific performance goals for the second performance period, that is, the period beginning January 18, 2002 and ending on January 17, 2003.